COVER SHEET

SEC Registration Number

C S 2 0 0 3 4 2 6 4 9

Company Name

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

10/F NEWPORT ENTERTAINMENT & COMMERCIAL CENTRE, NEWPORT BOULEVARD, NEWPORT CYBERTOURISM ECONOMIC ZONE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
georgina.alvarez@rwmanila.com	632-908-8000	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
53	Every Second Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Georgina Alvarez	georgina.alvarez@rwmanila.com	632-908-8119	

Contact Person's Address

10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. *For the quarterly period ended* **September 30, 2015**

2. *CS 200342649*
   SEC Identification Number

3. *246-099-058-000*
   BIR Tax Identification No.

4. **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**
   Exact name of issuer as specified in its charter

5. **METRO MANILA, PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

6. *Industry Classification Code:* [ ] (*SEC Use Only)*

7. **10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City 1309**
   Address of principal office

8. **(632) 908- 8000**
   Registrant's telephone number, including area code

9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

Title of Each Class	*Number of Shares of Stock Outstanding*
Common	**15,755,874,850**

10. *Are any or all of these securities listed on a Stock Exchange?*
    Yes, the shares of common stock of the Company are listed on the Philippine Stock Exchange.

11. *Indicate by check mark whether the registrant:*

    (a) *has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)*

    Yes [✓] No [ ] N/A [ ]

    (b) *has been subject to such filing requirements for the past ninety (90) days.*

    Yes [✓] No [ ]

PART 1- FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

Exhibit 1- Consolidated Statements of Financial Position as of September 30, 2015 and December 31, 2014
Exhibit 2- Consolidated Statements of Comprehensive Income for the periods ended September 30, 2015 and 2014
Exhibit 3- Consolidated Statements of Changes in Equity for the periods ended September 30, 2015 and 2014
Exhibit 4- Consolidated Statements of Cash Flows for the periods ended September 30, 2015 and 2014
Exhibit 5- Notes to Consolidated Interim Financial Information

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Please refer to Exhibit 6 hereof.

Item 3. Schedule of Financial Soundness Indicators

Please refer to Exhibit 7 hereof.

Item 4. Aging Schedule of Trade and Other Receivables

Please refer to Exhibit 8 hereof.

PART II- OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

SIGNATURE

Pursuant to the requirements of Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Issuer

By:

BERNARD THAN BOON TEONG
Chief Financial Officer and
Duly Authorized Officer
November 12, 2015

EXHIBIT 1

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015
(With Comparative Figures for December 31, 2014)
(Amounts in Philippine Pesos)

		September 30, 2015 (Unaudited)		December 31, 2014 (Audited)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**13,929,083,711**	P	17,856,400,410
Trade and other receivables		**5,945,827,627**		4,278,725,616
Advances to related parties		**292,884,619**		159,878,381
Inventories		**128,050,468**		77,050,033
Prepayments and other current assets		**1,140,743,417**		706,879,685
Total Current Assets		**21,436,589,842**		23,078,934,125
NON-CURRENT ASSETS				
Available-for-sale financial assets		**61,387,270**		63,160,000
Investments in associates		**1,438,157,804**		953,079,580
Advances for future investment		**4,088,235,294**		2,588,235,294
Property and equipment - net		**38,528,699,763**		33,700,213,214
Investment property - net		**1,561,064,854**		1,608,123,984
Deferred tax assets		**164,548,977**		161,586,746
Other non-current assets		**1,687,104,418**		1,728,139,848
Total Non-current Assets		**47,529,198,380**		40,802,538,666
TOTAL ASSETS	**P**	**68,965,788,222**	P	63,881,472,791
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	**P**	**9,736,005,583**	P	8,305,558,047
Advances from related parties		**3,213,422,209**		1,913,260,919
Total Current Liabilities		**12,949,427,792**		10,218,818,966
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**220,971,339**		216,923,061
Notes payable		**13,934,386,051**		13,209,060,653
Derivative liability		**775,567,438**		869,818,108
Retirement benefit obligation		**125,660,977**		118,813,151
Other non-current liabilities		**148,022,239**		146,729,480
Total Non-current Liabilities		**15,204,608,044**		14,561,344,453
Total Liabilities		**28,154,035,836**		24,780,163,419
EQUITY				
Equity attributable to parent company				
Capital stock		**10,000,000,000**		10,000,000,000
Additional paid-in capital		**22,417,157,066**		22,417,157,066
Treasury stock	(	**8,324,412,515)**	(	8,324,412,515)
Revaluation reserves		**38,930,463**		39,230,463
Retained earnings		**16,448,751,111**		14,733,381,929
Total equity attributable to shareholders of the parent company		**40,580,426,125**		38,865,356,943
Non-controlling interests		**231,326,261**		235,952,429
Total Equity		**40,811,752,386**		39,101,309,372
TOTAL LIABILITIES AND EQUITY	**P**	**68,965,788,222**	P	63,881,472,791

See Selected Explanatory Notes to Consolidated Interim Financial Information.

EXHIBIT 2

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Philippine Pesos)
(Unaudited)

		2015		2014	
	Note	Year-to-date	Quarter	Year-to-date	Quarter
NET REVENUES					
Gaming		P 17,947,349,497	P 5,438,038,688	P 20,792,407,551	P 7,212,007,956
Non-gaming:					
Hotel, food, beverage and others		1,748,237,185	579,263,832	1,653,739,134	531,917,388
Other operating income		739,884,864	266,430,509	807,044,520	240,383,609
		20,435,471,546	6,283,733,029	23,253,191,205	7,984,308,953
Less: Promotional allowance		2,486,877,059	810,850,091	1,561,165,300	710,663,745
		17,948,594,487	5,472,882,938	21,692,025,905	7,273,645,208
DIRECT COSTS		7,763,927,811	2,527,974,946	7,814,844,462	2,601,865,068
GROSS PROFIT		10,184,666,676	2,944,907,992	13,877,181,443	4,671,780,140
GENERAL AND ADMINISTRATIVE EXPENSES		6,255,989,992	1,890,273,223	8,922,023,462	2,974,146,835
OPERATING PROFIT		3,928,676,684	1,054,634,769	4,955,157,981	1,697,633,305
OTHER INCOME (CHARGES)					
Finance costs and other charges		(1,143,969,265)	(595,783,464)	(1,056,724,751)	(598,388,761)
Finance income		94,184,118	11,878,072	146,357,097	44,614,531
		(1,049,785,147)	(583,905,392)	(910,367,654)	(553,774,230)
PROFIT BEFORE TAX		2,878,891,537	470,729,377	4,044,790,327	1,143,859,075
TAX EXPENSE		49,147,498	4,756,507	31,580,975	11,744,950
NET PROFIT FOR THE PERIOD		2,829,744,039	465,972,870	4,013,209,352	1,132,114,125
OTHER COMPREHENSIVE INCOME		(300,000)	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		P 2,829,444,039	P 465,972,870	P 4,013,209,352	P 1,132,114,125
Net profit attributable to:					
Parent company's shareholders		P 2,834,370,207	P 467,102,778	P 4,013,209,352	P 1,132,114,125
Non-controlling interests		(4,626,168)	(1,129,908)	-	-
		P 2,829,744,039	P 465,972,870	P 4,013,209,352	P 1,132,114,125
Total comprehensive income attributable to:					
Parent company's shareholders		P 2,834,070,207	P 467,102,778	P 4,013,209,352	P 1,132,114,125
Non-controlling interests		(4,626,168)	(1,129,908)	-	-
		P 2,829,444,039	P 465,972,870	P 4,013,209,352	P 1,132,114,125
Earnings Per Share - Basic and Diluted	11	P 0.18		P 0.25	

See Selected Explanatory Notes to Consolidated Interim Financial Information.

EXHIBIT 3

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Philippine Pesos)
(Unaudited)

	Attributable to Shareholders of Parent Company							
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Revaluation Reserves	Retained Earnings	Total	Non-controlling Interests	Total
Balance at January 1, 2015	P 10,000,000,000	P 22,417,157,066	(P 8,324,412,515)	P 39,230,463	P 14,733,381,929	P 38,865,356,943	P 235,952,429	P 39,101,309,372
Cash dividends declared during the period	-	-	-	-	(1,119,001,025)	(1,119,001,025)	-	(1,119,001,025)
Total comprehensive income for the period	-	-	-	(300,000)	2,834,370,207	2,834,070,207	(4,626,168)	2,829,444,039
Balance at September 30, 2015	**P 10,000,000,000**	**P 22,417,157,066**	**(P 8,324,412,515)**	**P 38,930,463**	**P 16,448,751,111**	**P 40,580,426,125**	**P 231,326,261**	**P 40,811,752,386**
Balance at January 1, 2014	P 10,000,000,000	P 22,417,157,066	(P 8,324,412,515)	P 46,604,602	P 9,288,495,095	P 33,427,844,248	P -	P 33,427,844,248
Non-controlling interests in newly-acquired subsidiary	-	-	-	-	-	-	235,766,033	235,766,033
Total comprehensive income for the period	-	-	-	-	4,013,209,352	4,013,209,352	-	4,013,209,352
Balance at September 30, 2014	P 10,000,000,000	P 22,417,157,066	(P 8,324,412,515)	P 46,604,602	P 13,301,704,447	P 37,441,053,600	P 235,766,033	P 37,676,819,633

See Selected Explanatory Notes to Consolidated Interim Financial Information.

EXHIBIT 4

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Philippine Pesos)
(Unaudited)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 2,878,891,537	P 4,044,790,327
Adjustments for:		
Depreciation	977,331,464	1,178,978,771
Interest expense	619,392,893	865,468,993
Unrealized foreign exchange losses - net	497,841,143	116,520,811
Interest income	(94,184,117)	(146,357,097)
Unrealized loss on interest rate swap	26,735,229	27,220,304
Share in net loss of an associate	-	40,168,131
Gain on sale of property and equipment	-	(5,480,470)
Operating profit before working capital changes	4,906,008,149	6,121,309,770
Decrease (increase) in trade and other receivables	(1,671,625,106)	1,022,069,522
Decrease (increase) in advances to related parties	(133,006,238)	28,196,805
Increase in inventories	(51,000,435)	(74,796,948)
Increase in prepayments and other current assets	(433,863,732)	(111,587,542)
Increase in trade and other payables	1,511,212,729	2,350,565,920
Increase in advances from related parties	1,300,161,290	102,342,332
Increase in retirement benefit obligation	6,847,826	5,212,837
Increase in other non-current liabilities	1,292,759	12,192,878
Cash generated from operations	5,436,027,242	9,455,505,574
Cash paid for income taxes	(50,845,692)	(28,179,733)
Net Cash From Operating Activities	5,385,181,550	9,427,325,841
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(5,553,983,115)	(7,887,087,691)
Additional advances for future investment	(1,500,000,000)	-
Additional investments in an associate	(485,078,224)	(836,997,719)
Interest received	94,679,045	147,323,036
Disposal of property and equipment	71,375,750	12,689,426
Decrease (increase) in other non-current assets	41,035,430	(1,434,061,239)
Disposal of available-for-sale financial asset	1,472,730	-
Net Cash Used in Investing Activities	(7,330,498,384)	(9,998,134,187)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,119,001,025)	(1,299,210,000)
Interest paid	(897,083,110)	(1,060,167,672)
Payments of derivative liability	(157,640,625)	(158,399,439)
Payments of interest-bearing loans and borrowings	-	(4,417,124,800)
Net Cash Used in Financing Activities	(2,173,724,760)	(6,934,901,911)
Effects of Exchange Rates Changes on Cash and Cash Equivalents	191,724,895	87,735,852
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,927,316,699)	(7,417,974,405)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,856,400,410	25,775,504,641
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 13,929,083,711	P 18,357,530,236

Supplemental Information on Non-cash Investing Activity -

The Group capitalized borrowing costs amounting to P276.2 million in 2015 and P100.9 million in 2014 representing the actual borrowing costs, net of related investment income, incurred on loans obtained to fund the development of a portion of the Group's properties.

See Selected Explanatory Notes to Consolidated Interim Financial Information.

EXHIBIT 5

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SELECTED EXPLANATORY NOTES TO CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(With Comparative Figures for December 31, 2014)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

Travellers International Hotel Group, Inc. (TIHGI or the Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of unconsolidated entities. The Company's casinos and restaurants in Resorts World Manila started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Remington Hotel started on various dates in 2009 to 2011. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008.

The Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) beginning November 5, 2013.

As at September 30, 2015 and December 31, 2014, the Company holds direct ownership interests in the following companies (together with the Company, collectively referred to as "the Group") that were established to engage in businesses related to the main business of the Company:

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership **September 30, 2015**	 December 31, 2014
Subsidiaries:			
Agile Fox Amusement and Leisure Corporation (AFALC)	(a)	**100.0%**	-
APEC Assets Limited (APEC)	(b)	**100.0%**	100.0%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(d)	**100.0%**	-
Bright Pelican Leisure and Recreation Inc. (BPLRI)	(d)	**100.0%**	100.0%
Brightleisure Management, Inc. (BLMI)	(c)	**100.0%**	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(d)	**100.0%**	-
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(d)	**100.0%**	-

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership September 30, 2015	December 31, 2014
Subsidiaries:			
Deluxe Hotels and Recreation, Inc. (DHRI)	(d)	**100.0%**	100.0%
Entertainment City Integrated Resorts & Leisure Inc. (ECIRLI)	(d)	**100.0%**	100.0%
FHTC Entertainment and Productions Inc. (FHTC)	(e)	**100.0%**	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI), formerly Yellow Warbler Leisure and Recreation, Inc.	(d)	**100.0%**	100.0%
Grand Integrated Hotels and Recreation, Inc. (GIHRI)	(d)	**100.0%**	100.0%
Grandservices, Inc. (GSI)	(c)	**100.0%**	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	**100.0%**	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	**100.0%**	-
Lucky Star Hotels and Recreation, Inc. (LSHRI)	(d)	**100.0%**	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(d)	**100.0%**	-
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	(a)	**100.0%**	-
Majestic Sunrise Leisure & Recreation Inc. (MSLRI)	(d)	**100.0%**	100.0%
Net Deals, Inc. (NDI)	(f)	**100.0%**	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(g)	**100.0%**	100.0%
Royal Bayshore Hotels & Amusement Inc. (RBHAI)	(d)	**100.0%**	100.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(d)	**100.0%**	-
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	**100.0%**	-
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(d)	**100.0%**	-
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	**100.0%**	-
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	**100.0%**	-
Westside Theater Inc. (WTI)	(h)	**100.0%**	-
Westside City Resorts World Inc. (WCRWI), formerly Resorts World Bayshore City, Inc.	(i)	**95.0%**	95.0%
Associate –			
Manila Bayshore Property Holdings, Inc. (MBPHI)	(j)	**50.0%**	50.0%

Notes:

(a) Established to engage, operate and manage gaming enterprises, amusement and recreation centers, theaters, cinema houses, inns, apartments, private clubs, leisure activities, motels and/or motor lodges, hotels, shopping malls and other related and allied businesses necessary or connected therewith; and to operate, manage and/or maintain any and all services and facilities incident or necessary thereto.

(b) A foreign corporation envisioned to provide transportation and other related services to valued patrons of the Company.

(c) Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company.

(d) Established to acquire, manage, operate, own, lease, maintain, and/or engage in the business of hotels, shopping malls, restaurants, theaters, cinema houses, leisure and recreational facilities, private clubs, motels and/or motor lodges.

(e) Established to engage in productions of performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, entertainment technology, marketing and distribution, animation, publishing, set and prop design, acting education, photography, video editing and post production, script writing, art conceptualization, advertising and public relations.

(f) Established to conduct and carry on the business of web and internet solutions, promotion and marketing of business establishments, locally and abroad, with the use of the web and the internet as its primary medium.

(g) Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers and traders.

(h) Established to engage in the business of entertainment, to provide, conduct and stage, theatrical, musical and varieties enterprises and entertainments of every kind and description, and to provide, engage, and employ actors, dancers, variety performers, and all other theatrical and musical artists and employees, and to carry out all things incidental to such enterprises without mass media business or undertaking; and, to engage in entertainment enterprise and other activities necessary thereto.

(i) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. On August 14, 2015, the Philippine Securities and Exchange Commission approved WCRWI's change in corporate name from Resorts World Bayshore City, Inc. Furthermore, WCRWI has two wholly owned subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation and Red Falcon Amusement and Leisure Corporation, which have not yet started commercial operations as of September 30, 2015.

(j) Established to engage in real estate business, particularly construction of condominium units and buildings.

The Company's subsidiaries and associate are all incorporated in the Philippines, except for APEC which is incorporated in the British Virgin Islands. The principal place of business of these subsidiaries and associate is within Metro Manila, Philippines.

As at September 30, 2015, AFALC, ADLRC, BAHLC, BPLRI, CPLRC, DHRI, ECIRLI, GPLRI, LPALC, LSHRI, LVHLC, MCALC, MSLRI, NSLI, RBHAI, SCLRC, SMWALC, SSHLC, VLALC, VTALC, WTI and WCRWI have not yet started commercial operations.

As at September 30, 2015 and December 31, 2014, the following stakeholders have direct ownership interests in the Company's outstanding common shares:

Name of Stockholders	Explanatory Notes	Percentage of Ownership September 30, 2015	Percentage of Ownership December 31, 2014
Alliance Global Group, Inc. (AGI)	(a)	**25.1%**	25.1%
Adams Properties, Inc. (Adams)	(b)	**22.5%**	22.5%
Star Cruises Philippines Holdings B.V. (SCP)	(c)	**18.0%**	18.0%
Asian Travellers Ltd. (ATL)	(d)	**11.3%**	11.3%
Premium Travellers Ltd. (PTL)	(d)	**6.6%**	6.6%
First Centro, Inc. (FCI)	(e)	**4.5%**	4.5%
Megaworld Corporation (Megaworld)	(f)	**1.8%**	1.8%
Other related parties	(g)	**0.1%**	0.1%
Public ownership		**10.1%**	10.1%
		100.0%	100.0%

Notes:

(a) AGI, the Company's parent company, is a publicly listed domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-entertainment and gaming business. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(b) A domestic company with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(c) A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.

(d) Foreign entities duly incorporated and with registered offices at Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(e) A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 10th Floor, The Richmonde Hotel, 21 San Miguel Avenue corner Lourdes Street, Ortigas Center, Pasig City.

(f) A publicly listed subsidiary of AGI which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 28th Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City.

(g) The enumeration of the other related parties and their respective percentages of ownership in the total outstanding common shares of the Company, as well as the computation for public ownership percentage is expounded in the Public Ownership Report as of September 30, 2015 disclosed by the Company to the PSE on October 12, 2015.

The Company's registered office, which is also its principal place of business, is located at 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City.

2. BASIS OF PREPARATION OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

This consolidated interim financial information has been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as of and for the year ended December 31, 2014, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

This consolidated interim financial information is presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial information has been prepared in accordance with the accounting policies adopted in the Group's consolidated financial statements for the year ended December 31, 2014, except for the adoption of amendments and improvements to PFRS effective beginning on or after July 1, 2014 and new accounting policies which are not yet applicable to the Group as of December 31, 2014; hence, were not presented in the notes to the consolidated financial statements as of and for the year ended December 31, 2014. These accounting policies became applicable subsequently and were used in the preparation of the Group's consolidated interim financial information.

3.1 Amendment and Improvements to PFRS

(a) Effective in 2015 that are Relevant to the Group

In 2015, the Group adopted for the first time the following amendment to PFRS and improvements thereto that are relevant to the Group and effective for consolidated financial statements for the annual period beginning on or after July 1, 2014:

PAS 19 (Amendment)	:	Employee Benefits: Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and (2011-2013 Cycle)

Discussed below and in the succeeding pages are the relevant information about these amended standard and improvements.

(i) PAS 19 (Amendment), *Employee Benefits*: *Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. This amendment did not have a significant impact on the Group's consolidated financial statements as the Group has not yet established a formal retirement plan.

(ii) 2010 – 2012 Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Group:

(a) PFRS 2 (Amendment), *Share-based Payment*. The amendment clarifies the definitions of "vesting condition" and "market condition" and defines a "performance condition" and a "service condition." This amendment had no significant effect on the consolidated interim financial statements of the Group since it has not granted any option to its eligible optionees during the period.

(b) PFRS 3 (Amendment), *Business Combinations*. This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss. This amendment has no significant effect on the consolidated interim financial statements of the Group since it did not enter into any business combinations during the period.

(c) PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker. This amendment had no significant impact on the Group's consolidated interim financial statements.

(d) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of the conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial. This amendment had no significant impact on the Group's consolidated financial statements.

(e) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset. This amendment has no significant effect on the consolidated interim financial statements of the Group as the Group did not revalue any item of its property, plant and equipment, and intangible assets during the period.

(f) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors. This amendment has no significant effect on the consolidated interim financial statements of the Group.

(iii) 2011 – 2013 Annual Improvements to PFRS. Annual improvements to PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Group:

(a) PFRS 3, (Amendment), *Business Combinations*. It clarifies that PFRS 3 does not apply to the accounting for the formation of any joint venture arrangement under PFRS 11, *Joint Arrangements,* in the financial statements of the joint arrangement itself. This amendment had no significant impact on the Group's consolidated interim financial statements.

(b) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32. This amendment had no significant impact on the Group's consolidated interim financial statements.

(c) PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40, or a business combination in accordance with PFRS 3. This amendment had no significant impact on the Group's consolidated interim financial statements.

(b) Effective Subsequent to 2015 but not Adopted Early

There are new PFRS and annual improvements to existing standards that are effective for periods subsequent to 2015. The following pronouncements have initially been determined by management to be relevant to the Group and shall be applied by the Group in accordance with their transitional provisions:

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of financial statements.

(ii) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.

(iv) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. This amendment permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(v) PFRS 10 (Amendment), *Consolidated Financial Statements* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vi) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Group does not expect to implement and adopt of PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the consolidated interim financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vii) Annual Improvements to PFRS. Annual improvements to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016 made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but management does not expect those to have material impact on the Group's consolidated interim financial statements:

(a) PAS 19 (Amendment), *Employee Benefit*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

(b) PAS 34 (Amendment), *Interim Financial Reporting*. The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" and requires the inclusion of a cross-reference from the interim financial statements to the location of this referenced information. The amendment also specifies that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, otherwise the interim financial statements will be incomplete.

(c) PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

3.2 Basis of Consolidation, Investments in Subsidiaries and Associate

The Group's consolidated interim financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated interim financial statements.

The financial statements of subsidiaries and associate are prepared for the same reporting period as that of the Company, using consistent accounting policies.

The Company accounts for its investments in subsidiaries and associate as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Parent Company controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and (iii) it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Company obtains control.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually for impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold (see Note 3.12).

(b) Investments in an Associate

An associate is an entity over which the Company is able to exert significant influence but which is neither a subsidiary nor interest in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in an associate are subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Company's share in the associate is included in the amount recognized as investments in an associate.

All subsequent changes to the ownership interest in the equity of the associate are recognized in the Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associate are reported as Share in Net Profit (Loss) of Associate in the Group's profit or loss.

Impairment loss is provided when there is objective evidence that the investment in associate will not be recovered (see Note 3.17).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized. If the investment in associate is subsequently sold, the Group recognizes in profit and loss the difference between the consideration received and the carrying amount of the investment. The excess consideration received over the carrying amount of the investment is recognized as Reversal of accumulated share of net losses in an associate and is presented as part of Other Operating Income account in the consolidated statement of comprehensive income.

Distributions received from the associate are accounted for as a reduction of the carrying value of the investment.

In computing for the share in net profit or loss of associate, unrealized gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a Group perspective.

(c) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Executive Committee (ExeCom); its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8 are the same as those used in its consolidated financial statements.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value, plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The financial asset categories currently relevant to the Group are loans and receivables and AFS financial assets. A more detailed description of these financial assets is as follows:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables (except Advances to suppliers), Advances to Related Parties, Investments in time deposits under Prepayments and Other Current Assets and Refundable deposits and Accumulated jackpot seed money under Other Non-current Assets in the consolidated statement of financial position. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is an objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the profit or loss.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are presented as Available-for-sale Financial Assets account in the non-current assets section of the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the end of the reporting period. The Group's AFS financial assets include golf and other club shares which are proprietary membership club shares.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities, which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3.5 Derivative Financial Instruments

The Group uses derivative financial instruments to manage its risks associated with interest rates. Such derivative financial instruments are initially recognized at fair value on the date in which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group's derivative instruments provide economic hedges but are not designated as accounting hedges and any gains or losses arising from changes in fair value are recognized directly in profit or loss for the period.

3.6 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost, which includes purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities, is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of operating and other supplies is the current replacement cost.

3.7 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Leasehold right pertains to the upfront cash payment made by the Group to Nayong Pilipino Foundation (NPF) for the right to lease and use NPF's land located in a certain entertainment site for the Group's construction and development of a casino complex. The cost of the asset is the amount of cash or cash equivalents paid, which is equivalent to the transaction price at the inception of the lease. Leasehold right is amortized on a straight-line basis of 20 years, which is in accordance with the amortization period that is part of the lease term as approved by NPF. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 3.17). Leasehold right is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the item is derecognized.

3.8 Property and Equipment

Land is measured at cost less any impairment in value. All other property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	30 years
Gaming machines and equipment	5 to 10 years
Transportation equipment	5 to 10 years
Furniture, fixtures and equipment	5 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing cost and other direct costs (see Note 3.20). The account is not depreciated until such time that the assets are completed and available for use.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 3.17).

An item of property and equipment, including the related accumulated depreciation and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

3.9 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property, which pertains to a portion of buildings and building improvements held under operating leases, is stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation of investment property is computed on a straight-line basis over the asset's estimated useful life of 30 years.

The carrying amount of investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 3.17).

Investment property, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the period of retirement or disposal.

3.10 Financial Liabilities

Financial liabilities of the Group, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities and Liability for unredeemed gaming points), Dividends Payable, Advances from Related Parties, Notes Payable, Derivative Liability and Other Non-current Liabilities, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as expenses in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

Interest-bearing loans and borrowings and notes payable are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables, advances from related parties and other non-current liabilities are initially recognized at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to stockholders are recognized as financial liabilities upon declaration by the Parent Company's BOD.

Derivative liability represents the cumulative changes in net fair value losses arising from the Group's interest rate swap.

Financial liabilities are classified at FVTPL if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category. Included in this category is the Group's Derivative Liability account in the consolidated statement of financial position (see Note 3.5).

A substantial modification to the terms of a financial liability is accounted for as an extinguishment of the existing liability and the recognition of a new or modified liability at its fair value. A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized as gain or loss on extinguishment of liability in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such a case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

3.11 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy, and must be legally enforceable for both entity and all counterparties to the financial instruments.

3.12 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill, if any, is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

3.13 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

3.14 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured, it is probable that the economic benefits will flow to the Group, and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Gaming* – Revenue is recognized from the net wins (losses) from gaming activities which represent the difference between coins and currencies deposited into the gaming machines and the payments to customers and, for other games, the difference between gaming wins and losses.

(b) *Hotel, food, beverage and others* – Revenues are recognized when services are rendered and upon delivery to and receipt of goods by the customer.

(c) *Rentals* – Revenue is recognized on a straight-line basis over the duration of the lease term. For tax purposes, rental income is recognized based on the contractual terms of the lease (see Note 3.15).

(d) *Rendering of services* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include income from cinema and production shows, parking space, service commissions and others.

(e) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding applicable value-added tax (VAT).

The Group provides a membership card for its patrons. Members earn points on gaming activity, and such points are redeemable for complimentary goods and services such as rooms, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions. The Group records revenue for the original transaction and a provision (and a corresponding recognition of promotional allowances in profit or loss) for the value of the points earned by members by reference to the relative fair values of the complimentary goods or services.

Costs and expenses are recognized in the consolidated statement of comprehensive income upon utilization of the service or at the date they are incurred. All finance costs are reported in profit or loss, on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 3.20).

3.15 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance, and insurance, are expensed as incurred.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

3.16 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

3.17 Impairment of Non-financial Assets

The Group's investments in an associate, advances for future investment, property and equipment, investment property, leasehold right and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's cash generating unit's recoverable amount exceeds its carrying amount.

3.18 Employee Benefits

(a) Retirement Benefit Obligation

The Group does not have a formal retirement plan but it accrues its retirement benefit obligation based on the minimum requirement under Republic Act (R.A.) 7641, *The Retirement Pay Law*. Such retirement benefit obligation is actuarially determined by an independent actuary in accordance with PAS 19 (Revised).

R.A. No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bond, as published by Philippine Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses from experience adjustments and changes in actuarial assumptions, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period which they arise. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is included as part of Finance Costs or Finance Income account in the consolidated statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Bonus Plans

The Group recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences and Other Employee Benefits

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. In addition, the Group recognizes a liability and an expense for other employee benefits based on a formula that takes into consideration the profit attributable to the Group's employees after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation. These are included in Accrued employee benefits under the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

3.19 Share-based Employee Remuneration

The Company has adopted an Employee Stock Option Plan (ESOP) that grants share options to eligible key executive officers. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. The fair value excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number of options that ultimately vest on vesting date. No subsequent adjustment is made to expense after vesting date, even if the share options are ultimately not exercised.

Upon exercise of the share option, the proceeds received, net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC).

On August 20, 2014, the Markets and Securities Regulation Department of the SEC issued Resolution No. 13, Series of 2014 confirming as exempt from registration requirements of the Securities Regulation Code the issuance of the common shares, not to exceed 945,352,491 common shares, or 6% of the outstanding capital stock of the Company listed with the PSE, to eligible employees pursuant to the Company's ESOP adopted by the Company's shareholders and BOD effective June 13, 2014.

The purpose of the ESOP is to (a) strengthen the alignment of interests between key employees and consultants of the Company and the Company's shareholders through the ownership of the Company's shares of common stock and thereby increase focus on the Company's share value; (b) motivate, attract and retain the services of key employees and consultants of the Company, upon whose judgment, valuable work and special efforts, the day-to-day and long-term success and development of the business and the operations of the Company are largely dependent; and, (c) encourage long-term commitment of the key employees and consultants of the Company to contribute to the long-term financial success of the Company.

As of September 30, 2015, the Company has not granted any option to its 115 eligible optionees.

3.20 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.21 Income Taxes

The Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. In April 2013, however, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended.

In May 2014, PAGCOR issued Guidelines for a 10% Income Tax Allocation (ITA) measure whereby, effective April 1, 2014, the 25% and 15% license fees were effectively reduced to 15% and 5%, respectively, inasmuch as 10% of the license fees was allocated for income tax on gaming, subject to quarterly and annual true-up mechanisms obliging the licensees to remit to PAGCOR any savings from the excess of the 10% ITA over the actual income tax paid on the gaming revenues.

The ITA measure ceases to be effective and the license fees shall automatically revert to the 25% and 15% rates indicated in the Provisional License Agreement should any of the following circumstances occur:

(a) The BIR ceases to impose income tax on the licensees, or deletes the provision of RMC 33-2013 which imposes income tax on licensees;

(b) A court restrains or enjoins the BIR from implementing the provisions of RMC 33-2013 which imposes income tax on licensees, during the effectivity of such restraining order or injunction. In the event the court withdraws the temporary restraining order (TRO), or if the TRO expires and is not extended, the 10% ITA shall automatically be reinstated;

(c) A court, by final and executory judgment, nullifies the provision of RMC 33-2013 which imposes income tax on the licensees;

(d) The Philippine Congress amends or revokes the imposition of corporate income tax on PAGCOR and its licensees; or,

(e) Recognition of Entertainment City as a special economic and/or tourism zone with special fiscal incentives for its locators resulting in the same effect as paragraph (d) above.

The 10% ITA measure is in keeping with the true spirit and intent of the terms of the Provisional License Agreement insofar as the license fees are intended and contemplated to be in lieu of all taxes with reference to the income component of the gross gaming revenues, while preserving at the same time the financial benefits of the Provisional License Agreement for the Philippine Government.

In December 2014, the Supreme Court (SC) issued a Decision in the case of PAGCOR v. BIR, *G.R. No. 215427*, confirming that income from gaming operations is subject only to 5% franchise tax, in lieu of all other taxes, under Presidential Decree (P.D.) No. 1869, as amended, otherwise known as the *PAGCOR Charter*. The BIR's Motion for Reconsideration of the foregoing pronouncement was denied with finality in a resolution issued by the SC dated March 10, 2015. A similar case filed on behalf of a PAGCOR licensee is pending with the SC as of the end of the reporting period. The Group awaits the final outcome of the said case.

Management is of the opinion that the similar case pending with the SC will result in a positive outcome, considering the unequivocal SC declaration in the PAGCOR v. BIR, *G.R. No. 215427* that income from gaming operations is subject only to 5% franchise tax, in lieu of all taxes based on *PAGCOR Charter*, Section 13(2)(a) and (b). More so, on May 11, 2015, the Court of Tax Appeals (CTA), issued a decision in the case Perception Gaming, Inc. v. Commissioner of Internal Revenue, *CTA Case No. 8509*, ruling that the tax exempt status of PAGCOR under its Charter extends to other entities with whom PAGCOR or the operators has any contractual relationship in connection with the operations of the casinos authorized to be conducted under PAGCOR's Charter, thus including licensees.

Upon finality of the resolution/decision of such case, the 10% ITA measure shall cease to be effective, and the license fees shall automatically revert to the original 25% and 15% rates as indicated in the Provisional License Agreement, in accordance with paragraphs (b) and/or (c) of the foregoing ITA measure [see Note 6.1(e)].

For hotel operations, the Group enjoys an Income Tax Holiday (ITH) on income solely derived from servicing foreign tourists, except for a certain portions of hotel operations where the ITH has expired in 2014 for Maxims and 2013 for Marriott; hence, now subject to the 5% gross income tax (GIT). Remington is still under ITH as of September 30, 2015.

For other sources of income, the Group is subject to the 30% regular corporate income tax (RCIT) rate. The related income tax expense presented in profit or loss in the consolidated statement of comprehensive income is determined using the liability method of deferred tax accounting described in the succeeding paragraphs.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

3.22 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

3.23 Equity

Capital stock, which consists of common and preferred shares, represents the nominal value of shares that have been issued.

APIC includes any premiums received on the issuance of shares of stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise accumulated unrealized gains and losses due to the revaluation of AFS financial assets and remeasurements of retirement benefit obligation.

Retained earnings include all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared.

Non-controlling interests represent the portion of the net assets and profit or loss not attributable to the parent company's shareholders which are presented separately in the Group's consolidated statement of comprehensive income and within the equity in the Group's consolidated statement of financial position and consolidated statement of changes in equity.

3.24 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing the net profit for the period attributable to common shareholders by the weighted average number of common shares issued and outstanding during the period, after giving retroactive effect to any stock dividends declared and stock splits in the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares (see Note 11).

3.25 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

4. ESTIMATES

The Group's consolidated interim financial information prepared in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated interim financial information and related explanatory notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from those estimates.

The judgments, estimates and assumptions applied in the consolidated interim financial information, including the key sources of estimation uncertainty were the same as those applied in the Group's consolidated financial statements for the year ended December 31, 2014.

5. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, companies under common ownership, the Company's key management personnel and others as described below.

5.1 Summary of Related Party Transactions

The summary of the Company's transactions with its related parties for the periods ended September 30, 2015 and 2014 and the related outstanding balances as of September 30, 2015 and December 31, 2014 is as follows:

Related Party Transactions	Amount of Transaction 2015	Amount of Transaction 2014	Outstanding Balances 2015	Outstanding Balances 2014
Related Parties Under Common Ownership:				
Advance subscription	**P -**	P -	**P 1,250,000**	P 1,250,000
Obtaining of cash advances - net of repayments	**(105,663,648)**	(28,963,698)	**(340,277,565)**	(234,613,917)
Management fees	**23,912,079**	23,440,561	**(13,538,802)**	(72,649,299)
Granting of cash advances	**114,144,611**	5,986,614	**186,658,314**	72,513,703
Prepayment of condominium units	**-**	-	**437,866,850**	437,866,850
Stockholders:				
Casino transaction	**2,788,115,212**	6,724,664,384	**33,860,964**	289,395,342
Incidental rebate charges	**155,569,368**	1,628,061,744	**(145,275,377)**	(168,093,697)
Junket sharing expenses	**582,396,096**	-	**(208,223,785)**	-
Management fees	**301,089,539**	218,656,983	**(23,146,286)**	(31,711,184)
Associate –				
Obtaining of advances	**970,156,448**	-	**(2,644,151,887)**	(1,673,995,439)
Officers and employees:				
Key management compensation	**215,012,004**	254,330,906	**(11,115,442)**	(6,021,247)
Granting (collection) of cash advances – net	**3,508,606**	(28,993,504)	**104,976,305**	101,467,699
Others –				
Repayment of advances – net	**(755,389)**	(20,868,745)	**(20,768,972)**	(20,013,583)

No impairment loss is recognized for the reporting periods on the outstanding balances from related parties in connection to these transactions.

6. COMMITMENTS AND CONTINGENCIES

6.1 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License authorizing the Company to participate in the development of a portion of certain entertainment sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by the PAGCOR, and to establish and operate casinos, and engage in gambling activities in Sites A and B (collectively referred to as the Project). The term of the Company's License shall be co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

(a) Debt–Equity Ratio Requirement

The Provisional License Agreement provides, among others, that the Company's License may be revoked or suspended upon failure of the Company to comply with the 70% Debt – 30% Equity ratio requirement of PAGCOR. As at September 30, 2015 and December 31, 2014, the Company is in compliance with this provision.

(b) Accession of WCRWI to the Provisional License

On March 18, 2013, the Company and WCRWI entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCRWI acceded to the rights, title, interests and obligations of the Company under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCRWI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCRWI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCRWI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCRWI as co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCRWI are bound by certain investment commitments [see Note 6.1(c)].

(c) Investment Commitments

As required by the Provisional License Agreement, the Company and WCRWI are required to complete its U.S. $1.32 billion (about P61.9 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. $1.1 billion (about P51.6 billion) and U.S. $216.0 million (about P10.1 billion), respectively. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project.

The Group is required to fully invest and utilize in the development of the Project at least 40% of the investment commitment for the respective phases of Site A and Site B within two years from Site Delivery.

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Group in 2014, PAGCOR approved a revised project implementation plan for the Westside City Resorts World Project with the following salient features:

a. The pre-construction activities and site development have commenced on September 1, 2014 and is estimated to be completed in the fourth quarter of 2020;

b. The estimated total investment cost for the Project is U.S. $1.1 billion (about P51.6 billion);

c. Estimated total construction floor area generated is 706,785.3 square meters;

d. Estimated retail area based on plans is 77,365.6 square meters; and,

e. The Project will feature at least 1,500 hotel rooms operated by international brands which include "The Westin Hotel Manila Bayshore" of the Starwood Asia Pacific Hotels & Resorts Group, the "Hotel Okura Manila" of the Okura Hotels & Resorts, and the "Genting Grand" and "Crockfords Tower" of the Genting Group. The luxury development will also boast a 3,000-seater grand Opera House, an upscale commercial complex, condominiums, cinemas, food and beverage outlets, and MICE facilities. This will allow the Group to cater to different market segments ensuring that tourists and guests are given a wide array of offerings and amenities.

WCRWI held the groundbreaking rites for Westside City Resorts World Project at Site A on October 1, 2014.

As a requirement in developing the aforementioned Project, the Company transferred U.S. $100.0 million (about P4.7 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Company. At any given time, the escrow account shall have a maintaining balance of not lower than U.S. $50.0 million (about P2.3 billion). If the funds fall below the maintaining balance at any given time, the Company is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Company to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained. All funds for the development of the Project shall pass through the escrow deposit and all drawdowns of funds therefrom must be applied to the Project.

As at September 30, 2015, the Company has spent P44.9 billion for its casino projects pursuant to its investment commitment under the Provisional License Agreement.

The Company has short-term placements amounting to U.S. $63.0 million (P3.0 billion) as at September 30, 2015 and December 31, 2014 to meet its requirements with PAGCOR in relation to the Company's investment commitments.

(d) Requirement to Establish a Foundation

The Company, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage not later than 60 days from the signing of the License Agreement. In compliance with the said requirement, Manila Bayshore Heritage Foundation, Inc. (or the Foundation) was incorporated in the Philippines on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by the Company by setting aside funds on a monthly basis. The funds set aside shall be remitted to the Foundation on or before the 10th day of the succeeding month. The Company recognized accrual based on 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (1) restoration of cultural heritage; (2) education infrastructure; and, (3) environment and health. The Foundation's activities commenced in 2013 when it undertook a relief operation for Typhoon Yolanda victims. The relief operation was certified by PAGCOR under restoration of cultural heritage.

For educational infrastructures, the Foundation undertook construction of school buildings in partnership with the Philippine Department of Education (DepEd) upon receipt of notice to proceed from PAGCOR. As of September 30, 2015, three (3) school buildings in various public secondary and elementary schools in Metro Manila were completed and turned over to the Philippine Department of Education (DepEd), while two (2) other school buildings are currently being constructed. However, the certificates of credit for each of these projects have not yet been issued by PAGCOR.

In June 2015, the Foundation entered into a computerization project with DepEd, providing a computer laboratory each to sixteen (16) public secondary schools in the National Capital Region. As of September 30, 2015, Phase 1 of the said project have already been completed while Phase 2 is currently being implemented.

The Foundation, in its joint effort with another PAGCOR licensee's foundation, signed an agreement to fund the construction of a cadet barracks at the Philippine Military Academy in Baguio City.

As of September 30, 2015, the Company accordingly remitted to the Foundation the donation dues for the current and prior years. Donations made to the Foundation are recorded as part of Donations and contributions under General Administrative account in the consolidated statement of comprehensive income. The outstanding liability as at September 30, 2015 and December 31, 2014 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position.

(e) *Tax Contingencies of Casino Operations*

As more fully discussed in Note 3.21, in May 2014, PAGCOR issued Guidelines for a 10% ITA measure whereby, effective April 1, 2014, the 25% and 15% license fees were effectively reduced to 15% and 5%, respectively, inasmuch as 10% of the license fees was allocated for income tax on gaming, subject to quarterly and annual true-up mechanisms obliging the licensees to remit to PAGCOR any savings from the excess of the 10% ITA over the actual income tax paid on the gaming revenues.

On December 10, 2014, the SC en banc issued a Decision in the case of PAGCOR v. BIR, *G.R. No. 215427*, confirming that income from gaming operations is subject only to 5% franchise tax, in lieu of all other taxes, under P.D. No. 1869, as amended. The BIR's Motion for Reconsideration of the foregoing pronouncement was denied with finality in a resolution issued by the SC dated March 10, 2015. A similar case filed on behalf of a PAGCOR licensee is pending with the SC as of the end of the reporting period. The Group awaits the final outcome of the said case.

Management is of the opinion that the similar case pending with the SC will result in a positive outcome, considering the unequivocal SC declaration in the PAGCOR v. BIR, *G.R. No. 215427* that income from gaming operations is subject only to 5% franchise tax, in lieu of all taxes based on PAGCOR Charter, Section 13(2)(a) and (b). More so as, on May 11, 2015, the CTA, issued a decision in the case Perception Gaming, Inc. v. Commissioner of Internal Revenue, *CTA Case No. 8509*, ruling that the tax exempt status of PAGCOR under its Charter extends to other entities with whom PAGCOR or the operators has any contractual relationship in connection with the operations of the casinos authorized to be conducted under PAGCOR's Charter, thus including licensees.

Upon finality of the resolution/decision of such case, the 10% ITA measure shall cease to be effective, and the license fees shall automatically revert to the original 25% and 15% rates as indicated in the Provisional License Agreement, in accordance with paragraphs (b) and/or (c) of the foregoing ITA measure.

In view of the foregoing, no provision has been recognized in the consolidated interim financial statements as of the end of the reporting periods for those periods not covered by the ITA measure.

6.2 Others

As at September 30, 2015 and December 31, 2014, the Group has unused letters of credit with certain local banks amounting to P6.5 billion.

In 2012, the Group obtained a similar facility from a certain financial institution. Unused letter of credit with this financial institutions amounted to U.S. $250.0 million (P11.7 billion) as at September 30, 2015 and December 31, 2014.

Also, the Group in the normal course of its business makes various commitments and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the consolidated financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the consolidated financial statements.

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 8. The main types of risks are market risk (foreign currency, interest rate and other price risk), credit risk and liquidity risk.

The Group's risk management is coordinated with its BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

7.1 Market Risk

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency-denominated Cash and Cash Equivalents, Trade and Other Receivables, Interest-bearing Loans and Borrowings, Trade and Other Payables, Notes Payable and Derivative Liability, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate, are as follows:

	September 30, 2015			
	USD	**PHP Equivalent**	**HKD**	**PHP Equivalent**
Financial assets	**$ 46,507,586**	**P 2,182,414,976**	**$ 581,805,715**	**P 3,523,008,146**
Financial liabilities	**(313,009,358)**	**(14,688,277,137)**	**(249,485,166)**	**(1,510,707,523)**
	($ 266,501,772)	**(P 12,505,862,161)**	**$ 332,320,549**	**P 2,012,300,623**

	September 30, 2014			
	USD	PHP Equivalent	HKD	PHP Equivalent
Financial assets	$ 53,008,048	P 2,383,559,884	$ 215,096,347	P 1,245,708,984
Financial liabilities	(317,807,415)	(14,290,528,215)	(101,291,710)	(586,620,809)
	($ 264,799,367)	(P 11,906,968,331)	$ 113,804,637	P 659,088,175

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine pesos against foreign currencies exchange rates:

Increase (decrease) in exchange rate	**September 30, 2015**		September 30, 2014	
	USD	**HKD**	USD	HKD
P 1	**(P 266,501,772)**	**P 332,320,549**	(P 264,799,367)	P 113,804,637
(P 1)	**266,501,772**	**(332,320,549)**	264,799,367	(113,804,637)

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. There are no exposures on foreign exchange rates that affect other comprehensive income. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

(b) *Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually at fixed rates. At September 30, 2015 and 2014, the Group is exposed to changes in market interest rates through Cash and Cash Equivalents and certain Interest-bearing Loans and Borrowings, which are subject to variable interest rates. All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates of +/- 0.45% and +/- 0.33% for Philippine pesos in the periods ended September 30, 2015 and 2014, respectively. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's consolidated financial instruments held at the end of each reporting periods, with effect estimated from the beginning of period. All other variables are held constant, if interest rate increased by 0.45% in 2015 and 0.33% in 2014, profit before tax in 2015 and 2014 would have increased by P44.4 million and P32.8 million, respectively. Conversely, if the interest rate decreased by the same percentages, profit before tax would have been lower by the same amounts in 2015 and 2014.

(c) *Other Price Risk*

The Group is exposed to other price risk in respect of its liability swap agreement involving floating rate coupons since the Group's payments are based on cumulative performance of an index specifically agreed with the bank.

The Group's sensitivity to other price risk in regards to the said liability swap agreement cannot be reliably determined due to numerous uncertainties regarding the future cumulative performance of the index against the backdrop of current issues in the global economy. The Group has recognized unrealized loss amounting to U.S. $0.6 million (P26.7 million) and U.S. $0.6 million (P27.2 million) as at September 30, 2015 and 2014, respectively.

7.2 Credit Risk

Credit risk is the risk that a counterparty will fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and placing deposits.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements) as summarized in the succeeding page.

	September 30, 2015	December 31, 2014
Cash and cash equivalents	**P13,929,083,711**	P17,856,400,410
Trade and other receivables (except Advances to suppliers)	**829,826,524**	859,764,420
Advances to related parties	**292,884,619**	159,878,381
Accumulated seed jackpot money	**122,950,000**	85,625,000
Investments in time deposits	**114,739,381**	113,450,465
Refundable deposits	**111,666,089**	108,270,667
	P15,401,150,324	P19,183,389,343

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

(a) Cash and Cash Equivalents and Investments in Time Deposits

The credit risk for cash and cash equivalents and investments in time deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group has significant outstanding receivables to related parties. Based on historical information about default rates and financial condition of the related parties, management considers the credit quality of these receivables to be good.

(c) Advances to Related Parties and Refundable Deposits

The Group is not exposed to any significant credit risk on its advances to and refundable deposits from related parties with good credit standing. Accordingly, management considers the credit quality of advances to and refundable deposits from related parties to be good.

(d) Accumulated Jackpot Seed Money

In respect of accumulated jackpot seed money, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties because of the Group's diversified profile of patrons.

The Group's management considers that all the above financial assets that are not impaired or past due at the end of each reporting periods are of good credit quality. There are no significant financial assets which are past due but not impaired as at the end of the reporting periods.

7.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at September 30, 2015, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 4,500,000	P 4,500,000	P 227,250,000
Trade and other payables (except tax-related liabilities and liability for unredeemed gaming points)	9,334,556,882	-	-
Advances from related parties	3,213,422,209	-	-
Notes payable	485,684,100	485,684,100	15,372,957,600
Derivative liability	-	-	775,567,438
Other non-current liabilities	-	-	148,022,239
	P13,038,163,191	**P 490,184,100**	**P16,523,797,277**

As at December 31, 2014, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 4,500,000	P 4,500,000	P 234,000,000
Trade and other payables (except tax-related liabilities and liability for unredeemed gaming points)	7,739,972,521	-	-
Advances from related parties	1,913,260,919	-	-
Notes payable	461,785,950	461,785,950	13,272,204,433
Derivative liability	-	-	869,818,108
Other non-current liabilities	-	-	146,729,480
	P10,119,519,390	P 466,285,950	P14,522,752,021

8. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

8.1 Comparison of Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	September 30, 2015		December 31, 2014	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets				
Loans and receivables:				
Cash and cash equivalents	**P 13,929,083,711**	**P 13,929,083,711**	P17,856,400,410	P 17,856,400,410
Trade and other receivables	**829,826,524**	**829,826,524**	859,764,420	859,764,420
Advances to related parties	**292,884,619**	**292,884,619**	159,878,381	159,878,381
Accumulated jackpot seed money	**122,950,000**	**122,950,000**	85,625,000	85,625,000
Investments in time deposits	**114,739,381**	**114,739,381**	113,450,465	113,450,465
Refundable deposits	**111,666,089**	**111,666,089**	108,270,667	108,270,667
	P 15,401,150,324	**P 15,401,150,324**	P19,183,389,343	P 19,183,389,343
AFS financial assets	**P 61,387,270**	**P 61,387,270**	P 63,160,000	P 63,160,000
Financial liabilities				
At amortized cost:				
Interest-bearing loans and borrowings	**P 220,971,339**	**P 220,971,339**	P 216,923,061	P 216,923,061
Trade and other payables	**9,334,556,882**	**9,334,556,882**	7,739,972,521	7,739,972,521
Advances from related parties	**3,213,422,209**	**3,213,422,209**	1,913,260,919	1,913,260,919
Notes payable	**13,934,386,051**	**13,934,386,051**	13,209,060,653	13,209,060,653
Other non-current liabilities	**148,022,239**	**148,022,239**	146,729,480	146,729,480
	P 26,851,358,720	**P 26,851,358,720**	P23,225,946,634	P 23,225,946,634
At FVTPL –				
Derivative liability	**P 775,567,438**	**P 775,567,438**	P 869,818,108	P 869,818,108

8.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2015 and 2014 and does not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

8.3 Fair Value Measurement and Disclosures

There were no significant changes in the business and economic circumstances that affect the fair value measurement and disclosures of the Group's financial assets and certain non-financial assets, and financial liabilities as of the end of the reporting periods.

9. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to stockholders by pricing services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. The Group's goal in capital management is for TIHGI and WCRWI to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio. Capital of TIHGI and WCRWI for the reporting periods and the computation of debt – equity structure as at September 30, 2015 and December 31, 2014 are summarized below.

	September 30, 2015		December 31, 2014	
	TIHGI	**WCRWI**	TIHGI	WCRWI
Total debt from financing:				
Interest bearing loans and borrowings	**P 220,971,339**	**P -**	P 216,923,061	P -
Advances from related parties	**575,641,913**	**2,833,904,745**	266,705,259	1,673,995,439
Notes payable	**13,934,386,051**	**-**	13,209,060,653	-
	14,730,999,303	**2,833,904,745**	13,692,688,973	1,673,995,439
Total equity	**41,539,448,043**	**4,184,473,217**	39,689,016,750	4,276,993,941
Debt-to-equity ratio	**26% – 74%**	**40% – 60%**	26% – 74%	28% – 72%

The ratios as at September 30, 2015 and December 31, 2014 are in line with the TIHGI's Provisional License Agreement with PAGCOR to which WCRWI is a co-licensee (see Note 6.1).

The Group sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

10. SEASONALITY OF OPERATIONS

Casino operations tend to experience seasonality in visitations during public holidays, festivals in the Philippines and around the South East Asian region.

11. EARNINGS PER SHARE

Basic and diluted EPS for the nine months ended September 30 is computed as follows:

	2015	2014
Net profit attributable to Parent company's shareholders	**P 2,834,370,207**	P 4,013,209,352
Divided by weighted average number of outstanding common shares	**15,755,874,850**	15,755,874,850
	P 0.18	P 0.25

Diluted EPS equal the basic EPS as the Group does not have any potentially dilutive common shares at the end of each reporting period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(Based on the Financial Statements for the nine months ended September 30, 2015 and 2014)

In Million Pesos	For the nine months	
	2015	**2014**
REVENUES		
Gaming	P 17,947.3	P 20,792.4
Non-gaming	2,488.1	2,460.8
Total	20,435.4	23,253.2
NET REVENUE	17,948.6	21,692.0
EBITDA	4,906.0	6,134.1
NET PROFIT	2,829.7	4,013.2

Total Revenues

The Company reported Gross Revenues totalling P20,435.4 million for the nine months ended September 30, 2015 compared to P23,253.2 million for the same period in 2014.

Gaming Revenues

The Company's Gross Gaming Revenues for the nine months ended September 30, 2015 is at P17,947.3 million from P20,792.4 million in the same period of 2014. The company remains prudent in the VIP segment, while the mass segment and slots volume has been increasing since the first quarter of 2015.

Table count increased to 305 as of September 30, 2015 from 292 in the same period in 2014. Average slot machines increased to 1,833 from 1,832, while ETG count remains the same at 210.

Hotel, Food, Beverage & Others

Revenue from Hotel, Food, Beverage and Others increased by 5.7% to P1,748.2 million for the nine months ended September 30, 2015, from P1,653.7 million for the same period of 2014.

Hotel occupancy rates for the nine months ended September 30, 2015 remains strong with all three hotels, Remington, Marriott, and Maxims, registering an average occupancy rate of 85.6%. Remington, Marriott, and Maxims room count remains the same at 712, 342, and 172 rooms, respectively.

Other Operating Income

Other Operating Income is at P739.9 million for nine months ended September 30, 2015, compared to the P807.0 million recorded for the same period in 2014. Other Operating Income primarily consists of income from the Newport Performing Arts Theater, cinema, parking, laundry, spa, and rental income from the mall and commercial office space, and others.

Net Revenues

Net Revenues is at P17,948.6 million, after deduction of Promotional Allowance of P2,486.9 million for the nine months ended September 30, 2015 from P21,692.0 million for the same period in 2014. Promotional allowances as a percentage of gaming revenue increased from 7.5% in 2014 to 13.9% for the nine months ended September 30, 2015.

Direct Costs

Direct Costs decreased to P7,763.9 million from P7,814.8 million reported for the nine months ended September 30, 2014 primarily due to lower gaming taxes and licenses attributable to lower gaming revenue. Likewise direct costs related to gaming have gone down as part of cost management initiatives.

Gross Profit

Gross Profit is at P10,184.7 million compared to P13,877.2 million reported for the same period in 2014.

General and Administrative Expenses

The Company's General and Administrative Expenses is at P6,256.0 million for nine months ended September 30, 2015, a 29.9% decline from the P8,922.0 million recorded during the same period in 2014.

Marketing & Promotions decreased to P2,433.8 million for the nine months ended September 30, 2015 from P5,060.4 million for the same period in 2014 due to a decline in commissions paid to gaming promoters.

Operating Profit/ EBITDA

Operating Profit for the nine months ended September 30, 2015 is at P3,928.7 million compared to the P4,955.2 million reported during the same period in 2014.

EBITDA for the nine months ended September 30, 2015 is at P4,906.0 million compared to the P6,134.1 million reported in the same period in 2014. Depreciation is at P977.3 million compared to P1,179.0 million for the same period in 2014.

Other Income (Charges)

Finance Cost And Other Charges

Finance Cost and Other Charges is at P1,144.0 million for nine months ended September 30, 2015 from P1,056.7 million for same period recorded in 2014. The Company has an outstanding USD 300.0 million corporate bond.

Finance Income

The Company posted Finance Income of P94.2 million.

Profit Before Tax

Profit Before Tax is at P2,878.9 million for the nine months ended September 30, 2015 compared to P4,044.8 million for the same period in 2014.

Tax Expense

The Company's Tax Expense is at P49.1 million for the nine months ended September 30, 2015 from P31.6 million in the same period in 2014.

Net Profit

The Company posted P2,829.7 million in Net Profit for the nine months ended September 30, 2015, compared to P4,013.2 million for the same period in 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(Based on the Financial Statements for the three months ended September 30, 2015 and 2014)

In Million Pesos	For the three months			
		2015		2014
REVENUES				
Gaming	P	5,438.0	P	7,212,0
Non-gaming		845.7		772.3
Total		6,283.7		7,984.3
NET REVENUE		5,472.9		7,273.6
EBITDA		1,378.0		2,083.8
NET PROFIT		466.0		1,132.1

Total Revenues

The Company reported Gross Revenues totalling P6,283.7 million for the three months ended September 30, 2015 compared to P7,984.3 million for the same period in 2014.

Gaming Revenues

The Company's Gross Gaming Revenues for the three months ended September 30, 2015 is at P5,438.0 million from P7,212.0 million in the same period of 2014. The company remains prudent in the VIP segment, while the mass segment and slots volume has been increasing since the first quarter of 2015.

Table count increased to 305 as of September 30, 2015 from 292 in the same period in 2014. Average slot machines increased to 1,818 from 1,802, while ETG count remains the same at 210.

Hotel, Food, Beverage & Others

Revenue from Hotel, Food, Beverage and Others increased by 8.9% to P579.3 million for the three months ended September 30, 2015, from P531.9 million for the same period of 2014.

Hotel occupancy rates for three months ended September 30, 2015 remains strong with all three hotels, Remington, Marriott, and Maxims, registering an average occupancy rate of 85.4%. Remington, Marriott, and Maxims room count remains the same at 712, 342, and 172 rooms, respectively.

Other Operating Income

Other Operating Income is at P266.4 million for three months ended September 30, 2015, a 10.8% increase compared to the P240.4 million recorded for the same period in 2014. Other Operating Income primarily consists of income from the Newport Performing Arts Theater, cinema, parking, laundry, spa, and rental income from the mall and commercial office space, and others.

Net Revenues

Net Revenues is at P5,472.9 million for three months ended September 30, 2015 from P7,273.6 million for the same period in 2014, after deduction of Promotional Allowance of P810.9 million. Promotional allowances as a percentage of gaming revenue increased from 9.9% in 2014 to 14.9% in third quarter of 2015.

Direct Costs

Direct Costs posted a 2.8% decline to P2,528.0 million from P2,601.9 million reported in three months ended September 30, 2014 primarily due to lower gaming taxes and licenses attributable to lower gaming revenue. Likewise direct costs related to gaming have gone down as part of cost management initiatives.

Gross Profit

Gross Profit is at P2,944.9 million compared to P4,671.8 million reported for the in 2014.

General and Administrative Expenses

The Company's General and Administrative Expenses is at P1,890.3 million for three months ended September 30, 2015, a 36.4% decline from the P2,974.1 million recorded during the same period in 2014.

Marketing & Promotions decreased to P705.6 million for the three months ended September 30, 2015 from P1,680.4 million for the same period in 2014 due to a decline in commissions paid to gaming promoters.

Operating Profit/ EBITDA

Operating Profit for the three months ended September 30, 2015 is at P1,054.6 million compared to the P1,697.6 million reported during the same period in 2014.

EBITDA for the third quarter of 2015 is at P1,378.0 million compared to the P2,083.8 million reported in the same period in 2014. Depreciation is at P323.4 million compared to P386.2 million for the same period in 2014.

Other Income (Charges)

Finance Cost And Other Charges

Finance Cost and Other Charges is at P595.8 million for three months ended September 30, 2015 from P598.4 million for same period recorded in 2014. The Company has an outstanding USD 300.0 million corporate bond.

Finance Income

The Company posted Finance Income of P11.9 million.

Profit Before Tax

Profit Before Tax is at P470.7 million for three months ended September 30, 2015 compared to P1,143.9 million for the same period in 2014.

Tax Expense

The Company's Tax Expense decreased to P4.8 million for three months ended September 30, 2015 from P11.7 million in the same period in 2014.

Net Profit

The Company posted P466.0 million in Net Profit for the third quarter of 2015, compared to P1,132.1 million for the same period in 2014.

Liquidity and Capital Resources

September 30, 2015 versus December 31, 2014

Total Assets

Total Assets increased to P68,965.8 million from P63,881.5 million as of December 31, 2014 due to a rise in Property and Equipment as well as Advances for Future Investment.

Current Assets

Cash and Cash Equivalents is at P13,929.1 million from P17,856.4 as of December 31, 2014 or a decrease of P3,927.3 million primarily to support the Company's ongoing expansion projects and payment of dividends made during the year.

Trade and Other Receivables is at P5,945.8 million or an increase of P1,667.1 million from the start of the year due to down payments made to suppliers in relation to the Company's current expansion activities.

Inventories is at P128.1 million from P77.1 million mainly due to purchases of casino supplies such as cards, seals and dice.

Advances to Related Parties increased by P133.0 million to P292.9 million from P159.9 million at the start of the year.

Prepayments and Other Current Assets is at P1,140.7 million from P706.9 million mainly due to increase in prepaid taxes and insurances.

Non-current Assets

Property and Equipment increased by P4,828.5 million to end at P38,528.7 million after accumulated depreciation, with the progress on Phase 2 and 3 construction on track. The Company has spent P11,304.8 million for Phase 2 and P5,310.2 million for Phase 3 as of September 30, 2015.

Phase 2 is the expansion of the existing Marriott Hotel Manila. Bringing additional hotel rooms is the Marriott West Wing while the Marriott Grand Ballroom, a MICE facility, formally opened in July 2015.

Phase 3 consists of two new hotels – the Hilton Manila and the Sheraton Hotel Manila, as well as an extension of Maxims Hotel. Phase 3 shall also include a new gaming area, additional retail space and six basement parking decks.

Advances for Future Investment increased by P1,500 million to P4,088.2 million from P2,588.2 million due to additional deposit for future investment in Site A.

Investment in Associates is at P1,438.2 million from P953.1 million due to additional investment made to Manila Bayshore Property Holdings, Inc. (MBPHI).

Total Liabilities

Total Liabilities is at P28,154.0 million as of September 30, 2015 from the P24,780.2 million recorded as of December 31, 2014 primarily due to increase in Trade and Other Payables and Advances from Related Parties.

Current Liabilities

Trade and Other Payables is at P9,736.0 million, an increase of P1,430.4 million, from the P8,305.6 recorded as of December 31, 2014. Trade and Other Payables represent payments due to suppliers, retention payable to contractors and liabilities on unredeemed gaming points and gaming chips.

Advances from Related Parties is at P3,213.4 million, an increase of P1,300.2 million from the beginning of the year primarily due to additional advances received for future development in Site A.

Non-current Liabilities

Notes Payable increased by P725.3 million as a result of the weaker Philippine Peso.
The USD 300.0 million company issued notes was valued at P13,934.4 million, at an exchange rate of P46.926 to 1 USD as of end of September 30, 2015 versus P44.617 to 1 USD as of December 31, 2014.

Derivative Liability decreased to P775.6 million from P869.8 million due to payment made during the year.

Other Non-current Liabilities remain relatively flat to P148.0 million from P146.7 million.

Net Cash/(Debt)

As of the end of September 30, 2015, Travellers posted a net debt position of P226.3 million versus a net cash position of P4,430.4 million as of the end of 2014 as illustrated below:

In Million Pesos	3Q 2015	FY 2014
TOTAL CASH	13,929.1	17,856.4
TOTAL DEBT	14,155.4	13,426.0
NET CASH/(DEBT)	(226.3)	4,430.4

Note: Total Debt covers interest-bearing loans and borrowings and notes payable

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
SEPTEMBER 30, 2015

	Quarter			
	September 30, 2015	**June 30, 2015**	**March 31, 2015**	**December 31, 2014**
Current ratio	**1.66:1.00**	2.03:1.00	2.24:1.00	2.26:1.00
Quick ratio	**1.53:1.00**	1.90:1.00	2.16:1.00	2.17:1.00
Asset-to-equity ratio	**1.69:1.00**	1.62:1.00	1.62:1.00	1.64:1.00
Solvency ratio	**0.13:1.00**	0.11:1.00	0.32:1.00	0.26:1.00
Debt-to-equity ratio	**26% - 74%**	25% - 75%	25% - 75%	26% - 74%
				September 30, 2014
Interest coverage ratio	**5.46 times**	6.77 times	6.76 times	7.06 times
Debt service coverage ratio	**4.88 times**	5.95 times	7.92 times	1.77 times
Net profit margin	**15.8%**	18.9%	25.0%	18.5 %
Return on assets	**4.3%**	3.7%	2.7%	6.5 %
Return on equity /investment	**7.1%**	6.0%	4.4%	11.3 %

LIQUIDITY RATIOS measure the business' ability to pay short-term debt.
Current ratio - computed as current assets divided by current liabilities.
Quick ratio - computed a cash, marketable securities, accounts receivable and short-term investments divided by current liabilities.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term debt.
Debt-to-equity ratio - computed as the Company's total liabilities divided by stockholders' equity. It measure financial leverage and long-term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments. It is computed as profit before income tax and interest expense ("EBIT") divided by interest. In the computation, non-recurring gain is excluded from EBIT.

DEBT SERVICE COVERAGE RATIO is a benchmark used in the measurement of an entity's ability to produce enough cash to meet annual interest and principal payments on debt. It is computed as earnings before interest, taxes, depreciation and allowances (EBITDA) divided by total debt service (sum of principal repayments and interest expense during the period).

PROFITABILITY RATIOS
Net margin - computed as net profit divided by revenues
Return on assets - net profit divided by average total assets
Return on investment - net profit divided by total stockholders' equity

EXHIBIT 8

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
SEPTEMBER 30, 2015

Trade and other receivables		
Current	P	2,842,373,004
1 to 30 days		1,063,499,161
31 to 60 days		783,510,151
61 to 90 days		780,885,283
Over 90 days		475,560,028
Balance at September 30, 2015	**P**	**5,945,827,627**